

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

X

In re: Chapter 11

D.A.B. GROUP LLC, 14-12057-SCC

Debtor.

X

**DECLARATION OF JAMES P. NELSON
IN SUPPORT OF APPROVAL OF SALE**

STATE OF NEW YORK)
)
) ss.:
COUNTY OF NEW YORK)

James P. Nelson declares the following under penalties of perjury pursuant to 28 U.S.C. Section 1746:

1. I am a licensed real estate broker and a partner with Massey Knakal Realty Services (“Massey Knakal”), the commercial real estate brokerage firm that was retained pursuant to Order dated October 15, 2014 to act as the Debtor’s exclusive real estate broker to procure a potential buyer and stalking-horse contract for the real property at 139-141 Orchard Street, New York, NY (Block 415, Lots 66 and 67) (hereinafter, the “DAB Property”).

2. In accordance with the terms of our engagement letter agreement, we conducted an extensive marketing program for the Property, including, but not limited to: 500+ direct phone calls to potential buyers, numerous digital and physical advertisements in relevant trade publications including The New York Times, physical mailings to a large pool of potential buyers and local property owners, and multiple outreaches to our company –wide database of 10,000+ prospects and 10,000+ brokers.

3. As a result of these efforts, we fielded inquiries from dozens of buyers, and ultimately secured over 92 confidentiality forms requesting information. In addition, we conducted 17 property inspections and received over 13,000 website views.

4. After Arcade Orchard Street LLC executed a "stalking horse contract", and this Court approved bidding procedures for a potential auction, we continued our efforts, including establishing an "information room" on the Internet at www.dropbox.com/sh/zpvw4kipkih76dv/AAA1izNkoaGLfLMwRBG7FdoOa?dl=0 containing numerous documents to assist prospective bidders in performing their due diligence. A copy of the main page of the website is annexed hereto as Exhibit "A".

5. We also placed advertisements in the New York Times and the Wall Street Journal, copies of which are annexed hereto as Exhibit "B".

6. Every week we provided the Debtor and its counsel with a detailed status report on the results of our efforts. A copy of the most recent report dated 1-30-15 is annexed hereto as Exhibit "C".

7. Although ultimately no counteroffers to the Arcade stalking horse bid were received, we are confident that all reasonable steps were taken to market the Property, and that the sale price of \$33 million reflects a fair and reasonable price for this Property.

Dated: New York, NY
February 1, 2015



James P. Nelson

EXHIBIT A

Dropbox > Orchard Street Hotel

Matt Nikcerson

Upgrade account

Search

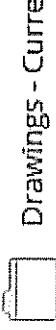
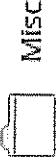
Name	Kind	Modified
 Appraisal 2010	folder	--
 PSA	folder	--
 DOB Permits	folder	--
 Drawings - Current	folder	--
 Drawings - NB Permit	folder	--
 MISC	folder	--
 Title Reports	folder	--
 139-141 Orchard Court Order.pdf	document	11/4/2014 6:39 AM
 Offering Memorandum.pdf	document	11/4/2014 12:02 PM
 PSA Orchard Draft.doc	document	1/28/2015 9:58 AM

EXHIBIT B

LES 139-141 Orchard Street
COURT-ORDERED
AUCTION

FEBRUARY 4TH, 2015
139-141 Orchard Street, partially com-
plete hotel development on the LES.

16 story hotel was originally envisioned
as a 96-key boutique development, with
significant food & beverage operations.

Bid packages must be submitted no
later than January 30th at 12:00 noon.

To receive additional details, please
contact Matt Nickerson: 212-660-7742
matt.nickerson@cushwake.com

CUSHMAN & WAKEFIELD
MASSEY KNAKAL

COURT-ORDERED
AUCTION
FEB 4TH, 2015

139-141 ORCHARD STREET
LOWER EAST SIDE,
MANHATTAN

Partially complete
hotel development.

16-story hotel originally
envisioned as a 96-key
boutique development,
with significant food &
beverage operations.

Bid packages must be
submitted no later than
January 30th at 12:00pm.

To receive additional
details, please contact:

Matt Nickerson

212-660-7742

matt.nickerson@cushwake.com



**MASSEY
KNAKAI**

EXHIBIT C



January 30, 2015

Ben Zhavian
Via Email: dabgroupllc@yahoo.com

Property Address: 139-141 Orchard Street
New York, NY

Status	
Marketing Start Date:	11/3/2014
Weeks of Marketing:	12
Executed CA's:	92
Tours of Property:	17
LoopNet Hits:	12,521
MKRS Website Hits:	564
Action Items	
Initial: Submit Offers	

Marketing Starts in Date	
- Personalized email blast – 10,281 to 478 People	
- PR – exclusive with Crain's 11.3.14	
- Posted on LoopNet 11.3	
- Posted on MKRS 11.3	
- Direct Investor blast to 6,000+ 11.4.14	
- Direct Broker blast to 10,000+ 11.6.14	
- Neighborhood Calls, ongoing	
- Most active Developer calls, ongoing	
- Direct email and hard mail notice of auction to all CA list 12.6	
- Direct email Investor and Brokers approx 15,000+ 12.6	
- Notice of auction in Wall Street Journal, The Real Deal, Crains & New York times, scheduled to run week of 12.12	
- Calls to all CA's and other prospects who have expressed interest.	

Print & Digital Advertising Post Stalking Horse:	
- New York Times: Print & Digital, Jan 16th, 18th and 21st	
- Wall Street Journal: Print & Digital, Jan 18th and 21st	
- Additional Press Release to NY Daily News, which was also picked up by The Real Deal, Jan 13th	

Tours				
#	Name	Company	Broker	Comments
1.)	Alex Chelishalom			Alex is a local hotel investor, he was concerned with the status of the existing concrete super structure.
2.)	Ben Shaoul	Magnum Real Estate Group		Ben is a very active NYC developer, owner, and investor.
3.)	Jeff Bennett	R & B Development		Jeff was relatively quiet throughout the tour, asking questions regarding the overall process and expectations on pricing.
4.)	Jason Huang/Michael Pomeranc	Sixty Hotel Group		Michael Pomeranc toured with Jason Huang of Sixty Hotels. They have hotel development/management experience but need to team up on the area before moving forward.
5.)	Eran Nornberg	Atum Equity		Eran Nornberg and his group, Hampshire Hotels, recently acquired 560 7th Avenue from MK. They developed the Dream Hotel as well as The Chateau (among many), and they have toured the property a number of times in the past. They love the location/height and want to discuss numbers.
6.)	Meir Milgraum	Lightstone Group		Meir came with three of his colleagues. They like the location but believe the rooms are too small and will need to reconfigure the layout. In turn, they believe a lot of work needs to be done and they will not be competitive.
7.)	Jim Luchans	Stonebridge Co's		Stonebridge is currently developing 3 hotels in Manhattan, they typically work with Marriott who toured after. They cannot compete north of \$30m.
8.)		Marriott Hotels		Marriott has a new brand, similar to the ACE hotel they are looking to bring out.
9.)	Mark Harounian	Jam Realty		Mark is an active investor, primarily in multifamily. He would look to convert the Hotel to extended stay or maybe a variance for full residential.
10.)	Sam Alston-Mayne	Tankhouse		Sam was concerned about the overall size of the rooms and their ability to drive ADR.
11.)	Will Obeid	Arcade Capital		Will toured with his equity investors.
12.)	Will Obeid	Arcade Capital		Comments Pending
13.)	Amon Harazi	Bluerock Prop		We don't have much info on Amon, other than he supposedly owns a few select service hotels in the NYC Metro area. He seemed concerned over the amount of work needed to complete the hotel.
14.)	Will Obeid	Arcade Capital		Came through with Robert Marcus and David Rosen.
15.)	Bayal Alp and Kozbek Kafir	Alan Cohen		Alan's clients are buyers from Istanbul.

16.)	Michael Zeylikman	Domain Properties	Michael represents a foreign hotel group, they toured with quite a few investors.
17.)	Pinky Vaid	Fan Wi	Pinky owns a hotel in Midtown, he likes the project, but was very skeptical of the stalking horse pricing. He felt there was an additional \$15-\$16 million needed.

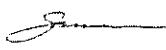
Executed CAs

#	Name
1.)	Todd M. Lippman/Aristone Capital Partners
2.)	Samuel Eshaghoff/GPB Capital
3.)	Michael Paster/RKF
4.)	Mordechai Gerz/Transition Acquisitions
5.)	Steven Jacobson
6.)	Scott Sabagh/Matrix Real Estate Advisors, LLC
7.)	Michael Stem/JDS Development Group
8.)	Will Obeid/Arcade Capital
9.)	Deborah A. Schwartz
10.)	Sam Alison-Mayne/Tankhouse Development
11.)	George Stergiopoulos/Kenilworth Capital Advisors
12.)	Luca Burato/Vivaldi Real Estate
13.)	Constantine S. Dimas/Loews Hotels
14.)	Meir Milgrom/Lightstone Group
15.)	Paul Stallings/Hotel on Rivington
16.)	Robert Kohn
17.)	Greg Baldwin/Albanete Organization
18.)	David Huie/SoHo Properties
19.)	Chris Losco/Hamptons Hotel Group
20.)	Matt Lane/The Lane Organization
21.)	Cory Elbaum/Thor Equities
22.)	Steven Bahar
23.)	Conor O'shane/XYZ Partners
24.)	Brandon Eisenman/RKF
25.)	Alex Shalom/Empire Management
26.)	Sam Spesutis/Liv Dev Co
27.)	Joseph Yi/Lam Group
28.)	Michael Shvo/SHVO
29.)	David Blumenfeld/Blumenfeld Development
30.)	Harold Sherr/Sherr Equities
31.)	Harry Kotowitz/HK Organization
32.)	David Rothenberg/Tishman
33.)	Mitch (Jean Michel) Wasterlain/Vanguardia Partners
34.)	Angel Redondo/Ferrado
35.)	Cary Tamarkin/Tamarkin Co.
36.)	Jonathan Marrale/Fortuna Realty Group
37.)	Jason Hsiang/Sixty Collective, LLC
38.)	Dan Harrington/Brentwood Capital Partners
39.)	Richard Born/BD Hotels
40.)	George Pantelidis/Pan Brothers Associates
41.)	Justin Pehsinger/GFI Realty Services
42.)	Rita M. Jones/Crescent Heights

43)	Justin Martin/Urban Muse
44)	Ramin Jash Zakarya/Empire State Commercial Properties
45)	Philip Watkins/Megalith Capital Management
46)	Greg Manocherian/Roe Co
47)	Chris Miculis/Structure Tone Equities
48)	Scott McChesney/StonRhinde Companies
49)	Ben Shaud/Magnum Management
50)	Willy Gelehr/Higgate Holdings
51)	Fredric Leopold/Northstar Properties
52)	Taylor Callahan/OTO Development
53)	Robert Lobel/Beltrick Development
54)	Kauneva Chitnis/MCR Development LLC
55)	Robert Skobnick/Ceruzzi Properties
56)	Michael Shah/Delshah Capital
57)	Nathan Franco/HAP Investments
58)	Juan Figueira/Bullwhip Management
59)	Drew Popkin/Naffah Group
60)	David Monnan/Monin Devlopment
61)	Leigh Searl/The Nassini Group
62)	Robert Kaliner/Ascend Group
63)	Joel I. Bierlet/Realty Center Associates Inc.
64)	Aaron Fouladian/SAF Developers LLC
65)	Pelle Hamburger/Atum Equiv
66)	Haim Yagen/Domain Properties
67)	Gur Sahar/Cohen Real Estate
68)	Frank Ng/Golden Fortune Corp
69)	Ravinder Dave/Skyview Capital
70)	Mirin Negrin/Lexin Capital
71)	Ameet B. Amin/Joss Realty Partners
72)	Mark Lapidus/WeWork
73)	Robert Bagdadji/Apollo Builders, LLC
74)	Steven Figari/SLATE Property Group
75)	James Pantelidis/Pan Brothers Associates
76)	Anthony Lee/Eastone Capital LLC
77)	Erik Warner/Eagle Point Hotel Partners
78)	Loren Berkley/Lodging Capital Partners LLC
79)	Alan S. Cohen/ABS Partners Real Estate
80)	Steve Hackel/Windward RE
81)	Thomas Klosinski/Corigan Real Estate Group
82)	Eli Liberman/Sel Capital LLC
83)	Jane Chin/Corcoran
84)	Rex Hakimian/Hakimian Organization
85)	Zoe Martineau/United Realty
86)	Isha Shah/Fantasia World Inc.
87)	Robert P. Starestein/RPS Equities
88)	Jerry Choe/Senecore

89.)	Andrew Conner/Dash Group LLC
90.)	Sean Ludwik
91.)	John Woo/Colliers
92.)	Rebecca Fucci/BSD Equities

Best Regards,



James Nelson

Partner

212-696-2500 ext. 7710

jn@maseylnakal.com

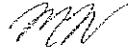


Michael DeCheser

First Vice President

212-696-2500 ext. 7772

mdecheser@maseylnakal.com



Matt Nickerson

Senior Associate

212-696-2500 ext. 7742

mnickerson@maseylnakal.com

275 Madison Avenue • Third Floor • New York, NY 10016 • 212.696.2500 • Fax 212.696.0333

www.maseylnakal.com

THE BRONX BROOKLYN MANHATTAN NASSAU NEW JERSEY QUEENS STATEN ISLAND WESTCHESTER

Call Log		
Con	Michael Stadler/Northwood Investors	Given time frame, difficult, but wants to see setup.
Con	Steve Haskel/Windward RE	
Con	Nick Donovan, Esq./Donovan LLP	Attorney for Serge Hoyda, looking to bid at auction.
Con	Eli Liberman/Sel Capital LLC	Most likely Pass
Con	Robert P. Sharestein/RPS Equities	Reviewing, most likely a pass.
Con	Greg Katz/Adell Corporation	
Con	All Jairwala/Bridgeton Holdings	Pass due to pricing, interested in the 20's
Con	Sean Ludwick	Pass but will look at the book on Orchard. Sent him two sites in Brooklyn.
Con	Alex Shalom/Empire Management	interested, may bid
Con	Veronica Hackett/Clairett Group	will review
Con	Jerry Choe/Xenocore	bidding
Con	Yoav Harni/Arimus Construction	Pass...doesn't think he can compete on it. 50k+. SF citywide.
Con	Amon Hanafi/Blue Rock Properties	Pass
Con	Rodrigo Real/Baltoro Capital Management LLC	Closed on 5 bookman, 125 Greenwich, 610 Lex. Lender/Equity.
Con	Ted Nir/National Investment Realty, LLC	Pass
Con	Paul Patel/KP Hospitality	# not in service
Con	Anthony Lee/Eastone Capital LLC	looking at it.
Con	Thomas Klosinski/Corijn Real Estate Group	Reviewing, most likely a pass.
Con	Jack Heaney/Fulcrum Properties, LLC	Not interested.
Con	Louis Greco/SDS Brooklyn	Building hotel near barclay center by Marriott. Pass on 139 Orchard
Con	Eric Granowsky/ESG Kullen	Will look at these
Con	Jane Golt/Continental Ventures	Will look at but needs to focus on other things.
Con	Roberto Fata/Fata Organization	pass
Con	Samuel Eshaghoff/GPB Capital	Pass due to pricing
Con	Eran Elhanani/Esquered Realty	Pass on 139, sent N3rd
Con	Zach Berger/Highgate Holdings	Pass due to pricing
Con	Juliet See Chen/Anbau Enterprises	Pass orchard and north 3rd too small
Con	Roger Bilttenbender/KUB Capital	Pass
Con	Charles Birnbaum/Alestor Real Estate Partners	Interested in 885 and N3rd, sent. pass orchard
Con	Jack Boyd	Pass due to pricing.
Con	Ed Beeson/EBSW	Pass on orchard, interested in north 3rd.
Con	Lenny Bayer/Goodstein Development Corp.	Pass
Con	Liron Altholz/ANA Real Estate	pretty sure he is a broker, pass
Con	David Rothenberg/Tishman	Pass
Con	Scott McChesney/Stonebridge Companies	Pass due to pricing.
Con	Roberto Fata/Fata Organization	Spoke to Henry. Not interested in East Shore. Will look at Orchard.
Con	Scott Sabbagh/Matrix Real Estate Advisors, LLC	Pass due to pricing guidance
Con	Harold Shorr/Sherr Equities	Pass due to pricing
Con	Meir Milgram/Lightstone Group	Loves the property, very familiar with it, cannot compete at 34M+
Con	Famim Josh Zakarya/Empire State Commercial Preps	Will relay to his client
Con	Justin Marin/Urban Muse	Looking at it, not overly focused
Con	Justin Polinger/GFI Realty Services	They are in the mid 20's.
Con	Cary Tamarkin/Tamarkin Co.	interested
Con	Jonathan Marrale/Fortuna Realty Group	email package
Con	Harry Kotowitz/HK Organization	scheduled to tour
Con	Haim Yagom/Domain Properties	looking at it, will consider.
Con	Joseph Yilam Group	Pass, cannot compete north of 31st
Con	Chris Losco/Hamptons Hotel Group	Cannot compete north of \$30M.
Con	David Huke/SoHo Properties	Conversation, client can't compete north of that price.
Con	Steven Jacobson	Doesn't remember the deal, emailed it again.
Con	Samuel Eshaghoff/GPB Capital	Updated, client most likely a pass
Con	Guy Saban/Cohen Real Estate	
Con	Steve Barthel/Ridgegate	
Con	Daniel Hollander/DHA Capital LLC	Will look at Pacific again. Probably a pass on Orchard.
Con	Nicholas Silvers/Tavros Capital	No to 295 w 12th and 99 7th Ave (not enough scale)
Con	Roberto Fata/Fata Organization	S/w Henry. Asked me to email it over. Henry@fata.com
Con	Philip B. Murphy/Long Wharf Real Estate Partners	
Con	Cathy Resnick/Mast Acquisitions LLC	
Con	Cary Tamarkin/Tamarkin Co.	
Con	Michael Stern/JDS Development Group	Pass. Really looking for 30k BSF+ Definitely interested in 139 Orchard
Con	Scott Shnay/SK Development	Interested maybe at \$33 but needs the Flushing F&B
Con	Albert R. Piccallo/Synapsa Capital	Probably pass on this.
Con	Kasra Sanandaji/Apex Investments	Will consider but probably too expensive.
Con	Richard Born/BD Hotels	Ran Stellar Management acquisitions, with them for 4 years w/ Larry Gluck
Con	Richard Born/BD Hotels	Pass
Con	Robert Kohn/The Daniel Group	Pass on Orchard, Pacific, and St.
Con	Justin Marin/Urban Muse	Wants to take a look.
Con	Dan Harrington/Brentwood Capital Partners	Reviewing
Con	Conor Osborne/XYZ Partners	363, interested, very.
Con	David Huke/SoHo Properties	reviewing
Con	Chris Micuis/Structure Tone Equities	
Con	Art Heckman/Ash NYC	
Con	David Huke/SoHo Properties	Interested, knows site well. Sent the CA for his review.
Con	Will Ober/Arcade Capital	wants to tour
Con	Scott McChesney/Stonebridge Companies	
Con	Jeffrey Baltzer/Magna Hospitality Group	
LM	Anthony Lee/Eastone Capital LLC	Interested.
LM	Jerry Choe/Xenocore	
LM	Alex Shalom/Empire Management	
LM	John Woe-Colliers	
LM	Andrew Conner/Dash Group LLC	
LM	Eran Normberg/Alura Equity	
LM	Shelly Litsikin/Urban Realty Partners, LLC	
LM	Todd M. Lippitt/Aristone Capital Partners	
LM	Mordy Lipkin/The Shushana Company	
LM	Edmond Li/Veracly Development	
LM	Noah Leonard/Macklowe Organization	

LM Jeffrey Lam/Lam Generation
 LM Ali Jariwala/Bridgeton Holdings
 LM Kenneth Horn/Alchemy Properties
 LM Eddie Hidary/Hidrock Realty, Inc.
 LM Chip Weiss/Fairlock Construction Services
 LM Emritena Pedigo
 LM Mehnul Patel
 LM Etienne Paris/DeCoene Holdings, LLC
 LM George Stagiopoulos/Kenilworth Capital Advisors
 LM Sam Alison-Mayne/Tankhouse Development
 LM Joe Levine/United Realty Advisors
 LM Steve Hackett/Windward RE
 LM Loren Berkley/Lodging Capital Partners LLC
 LM Alan S. Cohen/ABS Partners Real Estate
 LM Jeffrey Harmatz/DTL
 LM Ben Hanev/Arava Group
 LM Yoav Haron/Artimus Construction
 LM Jonathan Grzyb/Corigin Real Estate Group
 LM Jason Hsiang/Sixty Collective, LLC
 LM Chance Gordy/Real Estate Investor
 LM William Giordillo/Delshan Capital Pass on 139 and pass on 285 W 12th Street.
 LM Mitch Garrett/VOS Hospitality
 LM Kevin Gao/Kano Real Estate
 LM David Godbout/Junkus Real Estate Partners
 LM Jeff Gerstner/Gershon Company
 LM Jane Gladstein/Gladstein Development Group, LLC
 LM Ahron Freishtat/DM Capital
 LM William Fegan/TriBeach Holdings
 LM Chad Cooley/August Group NYC
 LM Jordan Cohen/AD Real Estate Investors
 LM John Clafone Left message secretary
 LM Kaunitz Clinic/MCR Development LLC
 LM Charles J. Bordone/AVH Partners
 LM David Blumenthal/Blumenthal Development
 LM Andrew T. Berkowitz/Vandewater Capital Holdings
 LM Joel Bernstein/Lincoln Equities Group
 LM Zach Berger/Highgate Holdings
 LM Victor Allonzo/Greenwich Realty Holdings
 LM Aaron Feudalian/SAF Developers LLC
 LM Leigh Scan/The Nassini Group
 LM Joel I. Beeler/Realty Center Associates Inc.
 LM Juan Figueroa/Bullwhip Management

LM Steven Bahar/Stemar Development
 LM Anthony Lee/Eastone Capital LLC
 LM Pelle Hamburger/Atura Equity
 LM Ian Davis/Lodging Capital Partners LLC
 LM Ramin Josh Zakaryan/Empire State Commercial Properties
 LM Angel Redondo/Ferrado VM not set up, will try again.
 LM Dan Harrington/Brentwood Capital Partners
 LM Moir Migrum/Lightstone Group
 LM Jason Hsiang/Sixty Collective, LLC
 LM David Rothenberg/Tishman
 LM Blake Nucci/Tishman Speyer
 LM Harold Stern/Stern Equities
 LM Joseph Yilam Group
 LM Alex Shalon/Empire Management Left message secretary
 LM Brandon Eisenman/RKF
 LM Steven Bahar/Stemar Development
 LM Chris Lescou/Hamptons Hotel Group
 LM Greg Baldwin/Albanese Organization
 LM Paul Starlings/Hotel on Rivington
 LM Meir Migrum/Lightstone Group
 LM Constantine S. Dimas/Loews Hotels
 LM Luca Burato/Vivaldi Real Estate
 LM George Stagiopoulos/Kenilworth Capital Advisors Could not connect, no VM
 LM Deborah A. Schwartz
 LM Scott Sabbagh/Matrix Real Estate Advisors, LLC
 LM Mendetahai Getz/Transition Acquisitions Left message secretary.
 LM Michael Palet/RKF
 LM Todd M. Lippatt/Aristone Capital Partners Left message w/secretary
 LM Haim Yagur/Domain Properties
 LM Jeffrey Baizer/Magna Hospitality Group
 LM Asher Toporovsky/Toporovsky & Sons Realty Corp.
 LM Nicholas Silver/Tavros Capital
 LM Jared Siegel/Squire Investments LLC
 LM David Huke/SoHo Properties
 LM Scott Sabbagh/Matrix Real Estate Advisors, LLC
 LM Charles Morris/Splitzer Enterprises
 LM Bradford Klett/Roseland Property Company
 LM Christopher J. King/Fridge Road Properties LLC
 LM Teddy Schill/Atel Capital
 LM Joel I. Beeler/Realty Center Associates Inc.
 LM Ely Flippin
 LM Willy Geiler/Highgate Holdings
 LM Justin Pelzinger/GFI Realty Services
 LM Harry Kolowitz/HK Organization

LM Harold Sherr/Sherr Equities
LM David Blumenfeld/Blumenfeld Development
LM Steven Bahar/Stemar Development
LM Michael S. Wahba/United Equity Investments
LM Raymond Chatme/Broad Street Development
VM Thomas Bencivengo/Synapse Capital
VM Steve Barthel/Rodgafe
VM Robert Bagdadi/Apollo Builders, LLC
VM Michael Shah/Destrah Capital
VM Jason Levine
VM Scott McChesney/Stonebridge Companies